



1995

# CHARACTERISTICS OF SMALL BUSINESS AUSTRALIA

ABS Catalogue No. 8127.0



**EMBARGOED UNTIL 11.30 AM 30 APRIL 1996**

**CHARACTERISTICS OF SMALL BUSINESS  
AUSTRALIA  
1995**

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**AUSTRALIAN BUREAU OF STATISTICS**

**CATALOGUE NO. 8127.0**

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## INQUIRIES

- *for further information about the statistics in this publication and the availability of unpublished statistics, contact John Purcell on (06) 252 6634.*
- *for information about other statistics and services, please refer to the back page of this publication.*



## PREFACE

This is a new publication which presents the results of a household survey of small business operations in Australia. The survey was designed to complement other small business data available from the Australian Bureau of Statistics (ABS), most of which are published in *Small Business in Australia* (1321.0), the next issue of which will be published shortly.

The results contained in this publication are based on a survey conducted in February 1995. The ABS intends to repeat the survey in February 1997.

Comments on the statistics contained in this publication and suggestions for future improvement of the survey or the publication would be welcomed and should be forwarded to the Director, Small Business and Science and Technology Section, Australian Bureau of Statistics, PO Box 10, Belconnen, ACT 2616.

Dennis Trewin  
Acting Australian Statistician

Australian Bureau of Statistics  
April 1996





## INTRODUCTION

This publication presents the results of the Characteristics of Small Business Survey which was conducted in February 1995 as a supplementary topic in the ABS monthly Labour Force Survey. The survey addressed a number of aspects of the operations of small business as well as the characteristics of small business operators.

### SCOPE OF THE SURVEY

For statistical purposes, small businesses (excluding agricultural businesses) are generally defined in terms of employment size. The Characteristics of Small Business Survey included operators of non-agricultural businesses employing less than 20 employees and therefore are referred to as 'small business' in this publication.

Other publications, including *Small Business in Australia* (1321.0), define a small business as manufacturing businesses employing less than 100 employees and all other non-agricultural industries, businesses employing less than 20 employees.

Agricultural businesses were excluded because of the different nature of agriculture operations, while manufacturing businesses employing 20–99 employees were excluded because of difficulties in identifying industry and employment cut-off boundaries in a household survey. A more complete explanation of the scope of the survey is provided in the Explanatory Notes.

### COMPARISONS WITH OTHER ABS DATA

Estimates of the number of businesses operating in Australia can be derived from a number of sources within the ABS. They may relate to a particular point in time or may be presented as an annual average. However, these estimates will not always show the same results. Variations will occur because of differing data sources, differing scope and coverage definitions between surveys, as well as variations due to sampling and non-sampling error. These terms are described in the Explanatory Notes.

The estimates of the number of businesses in this publication come from a survey of households and as such they are expected to be less accurate than other estimates derived from a representative sample of businesses.

The estimates of the number of small business operators provided in this publication includes own account workers (sole proprietors and partners of non-employing businesses), employers (operators of unincorporated employing sole proprietorships and partnerships) as well as working directors of incorporated companies. In other ABS publications, information can be found on numbers of own account workers and employers but working directors of incorporated companies are generally treated as employees of the business and are not identified as business owners or operators.

### UNPUBLISHED STATISTICS

Some more detailed small business statistics from the survey are available on request from the ABS.

## **SECTION 1**

### **INTRODUCTION**

## **THE CHARACTERISTICS OF SMALL BUSINESS OPERATORS**

This Section presents information on Australian small business operators, with data on the age, hours worked, qualifications and ethnicity of these operators. As well as presenting these characteristics, each table includes details of both the State of location and sex of the operators.

The term 'business operator' has been used to identify the person or persons who own and run the business. Generally, these business operators can be identified as:

- the proprietor of a sole proprietorship;
- the partners of a partnership; or
- the working director(s) of an incorporated company.

It should be noted that there is no standard definition of a small business operator and other ABS publications do not use the term, or provide statistics on business operators as a group. However, the expression 'small business operator' is one that is often used in the research and policy debate and generally includes the above group of people.

The tables in this Section are as follows:

- Table 1. Age of Small Business Operators by Sex and State;
- Table 2. Qualifications of Small Business Operators by Sex and State;
- Table 3. Hours Worked by Full-Time Small Business Operators by Sex and State;
- Table 4. Hours Worked by Part-Time Small Business Operators by Sex and State; and
- Table 5. Ethnicity of Small Business Operators by Sex and State.

## AGE OF SMALL BUSINESS OPERATORS

Most small business operators were aged between 30 and 50 years. The distribution in each age group was as follows:

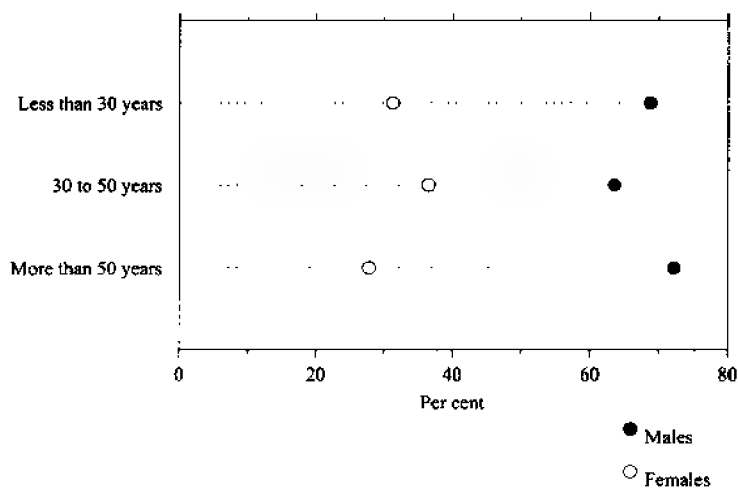
- 145,300 (12%) were less than 30 years old;
- 816,000 (65%) were aged between 30 and 50 years; and
- 290,800 (23%) were over 50.

**Sex** The distribution of small business operators by sex across the age groups was:

- 63% of small business operators aged less than 30 years of age were male, 37% were female;
- 69% of small business operators aged between 30 years and 50 years of age were male, 31% were female; and
- 72% of small business operators aged more than 50 years of age were male, 28% were female.

**State** There was little difference in the age of small business operators between States, with most of the States reflecting the national data above. The Northern Territory did however, have a higher proportion of younger operators with 90% of operators under 50 years of age, compared to the national average of 77%.

SMALL BUSINESS OPERATORS BY AGE AND SEX, AUSTRALIA, FEBRUARY 1995



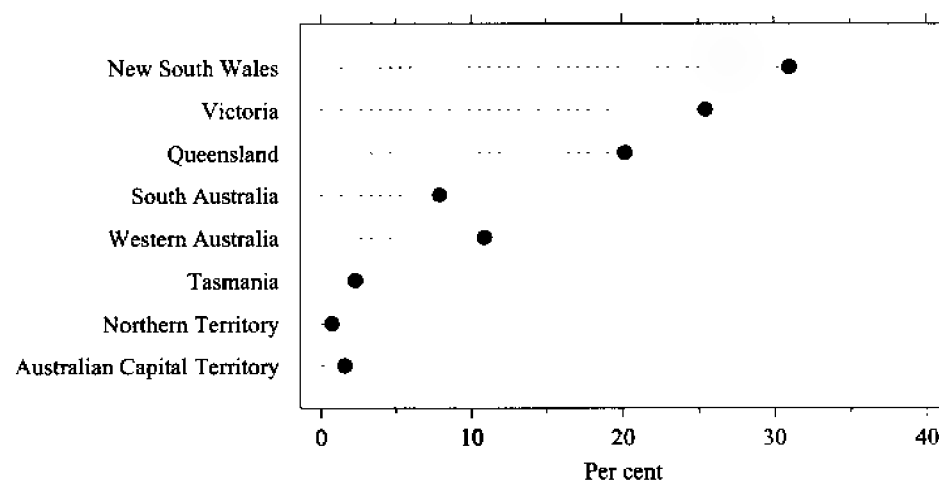
## NUMBER OF SMALL BUSINESS OPERATORS

In February 1995, there were an estimated 1,252,100 business operators of the estimated 794,700 small businesses in Australia. Each business had, on average, 1.57 operators.

- Sex** Of the 1.25 million small business operators, 827,800 (66%) were male and 424,300 (34%) were female.
- State** Generally, the distribution of small business operators across States reflected the population distribution.
- 31% of business operators were located in New South Wales;
  - 25% in Victoria;
  - 20% in Queensland;
  - 11% in Western Australia;
  - 8% in South Australia;
  - 2.5% in Tasmania;
  - 1.5% in the Australian Capital Territory; and
  - 1% in the Northern Territory.

With the exception of the Northern Territory, the proportion of male operators to females was consistent across States and closely reflected the Australian average. In the Northern Territory 74% of small business operators were male.

SMALL BUSINESS OPERATORS BY STATE, FEBRUARY 1995



# 1

## AGE OF SMALL BUSINESS OPERATORS BY SEX AND STATE, FEBRUARY 1995

Sex/State	Age of operator (years)			Total
	Less than 30	30-50	Greater than 50	
	'000	'000	'000	
<b>Male</b>				
New South Wales	28.5	156.1	69.9	254.4
Victoria	26.7	134.9	58.2	219.8
Queensland	19.8	102.1	39.8	161.7
South Australia	7.3	41.4	15.2	63.9
Western Australia	12.3	57.9	20.1	90.2
Tasmania	2.8	12.6	3.5	18.9
Northern Territory	1.0	4.5	0.7	6.2
Australian Capital Territory	1.6	8.5	2.6	12.7
<i>Australia</i>	99.8	518.0	210.0	827.8
<b>Female</b>				
New South Wales	10.9	94.5	27.8	133.2
Victoria	13.3	67.2	19.2	99.7
Queensland	8.7	65.0	17.1	90.8
South Australia	5.0	24.3	5.8	35.1
Western Australia	5.3	33.3	7.4	45.9
Tasmania	*1.0	7.2	1.8	10.1
Northern Territory	*0.3	1.7	*	2.2
Australian Capital Territory	*0.9	4.8	1.6	7.2
<i>Australia</i>	45.4	298.1	80.8	424.3
<b>Persons</b>				
New South Wales	39.4	250.6	97.7	387.7
Victoria	40.0	202.1	77.4	319.5
Queensland	28.5	167.1	56.9	252.5
South Australia	12.3	65.7	21.0	99.0
Western Australia	17.6	91.1	27.5	136.2
Tasmania	3.8	19.9	5.4	29.0
Northern Territory	1.3	6.3	0.8	8.4
Australian Capital Territory	2.4	13.3	4.2	19.9
<i>Australia</i>	145.3	816.0	290.8	1 252.1

## QUALIFICATIONS OF SMALL BUSINESS OPERATORS

Small business operators had obtained qualifications as follows:

- An estimated 514,400 (41%) had completed the highest available year of secondary school, but did not gain a degree, diploma or vocational qualifications.
- An estimated 416,800 (33%) small business operators had gained a basic or skilled vocational qualification. By comparison, about 14% of the adult population had these qualifications.
- An estimated 310,500 (25%) of small business operators had gained either a degree or diploma. About 13% of the adult population had a degree/diploma.
- An estimated 10,400 (1%) had not completed the highest available year of secondary school.

Sex For female small business operators:

- 54% completed the highest available year of secondary school, but did not gain a degree, diploma or vocational qualifications;
- 22% had gained vocational qualifications; and
- 24% had a degree or diploma.

For male small business operators:

- 35% completed the highest available year of secondary school, but did not gain a degree, diploma or vocational qualifications;
- 39% had gained vocational qualifications; and
- 26% had a degree or diploma.

State The proportion of business operators with either vocational qualifications or a degree/diploma varied only slightly across States.

- At over 60%, New South Wales, the Australian Capital Territory and Tasmania had the highest proportion of operators having vocational qualifications or a degree/diploma. South Australia recorded the lowest percentage with 54%.
- Compared to other States, the Australian Capital Territory had the highest proportion of small business operators with a degree or diploma (35%).

## 2 QUALIFICATIONS<sup>1</sup> OF SMALL BUSINESS OPERATORS BY SEX AND STATE, FEBRUARY 1995

Sex/State	Qualifications <sup>1</sup>			Total
	Secondary school	Basic or skilled vocational	Degree or diploma	
	'000	'000	'000	'000
<b>Male</b>				
New South Wales	86.7	95.9	69.3	252.0
Victoria	75.7	88.9	51.9	216.5
Queensland	53.3	65.4	42.2	160.9
South Australia	26.0	22.5	15.2	63.7
Western Australia	32.6	35.1	21.7	89.4
Tasmania	5.5	9.2	4.2	18.8
Northern Territory	2.0	2.6	1.6	6.2
Australian Capital Territory	4.3	3.9	4.4	12.6
<i>Australia</i>	286.1	323.4	210.6	820.0
<b>Female</b>				
New South Wales	62.1	37.3	33.1	132.5
Victoria	57.8	17.1	23.6	98.5
Queensland	53.6	18.7	18.2	90.5
South Australia	19.8	7.2	8.1	35.1
Western Australia	24.7	9.6	11.5	45.7
Tasmania	5.6	1.8	2.7	10.1
Northern Territory	1.5	0.5	*	2.2
Australian Capital Territory	3.2	1.4	2.5	7.1
<i>Australia</i>	228.3	93.5	99.9	421.7
<b>Persons</b>				
New South Wales	148.8	133.2	102.5	384.4
Victoria	133.5	106	75.5	314.9
Queensland	106.9	84.0	60.4	251.4
South Australia	45.8	29.7	23.3	98.7
Western Australia	57.3	44.7	33.2	135.2
Tasmania	11.1	11.0	6.8	28.9
Northern Territory	3.5	3.0	1.8	8.4
Australian Capital Territory	7.5	5.3	6.9	19.7
<i>Australia</i>	514.4	416.8	310.5	1 241.7

<sup>1</sup> Persons who did not complete the highest available year of secondary school and did not go on to achieve vocational qualifications or a degree/diploma have been excluded from this table.

## FULL-TIME OPERATORS

Of the 1,252,100 small business operators in Australia, 895,000 (71%) have been classified as full-time operators; that is, they usually worked 35 hours or more each week in the business. Of these full-time operators:

- 60% usually worked between 35 and 50 hours each week;
- 32% usually worked between 51 and 75 hours; and
- 8% usually worked more than 75 hours a week.

**Sex** An estimated 708,500 (86%) of all male operators worked full time. Of these:

- 59% usually worked between 35 and 50 hours;
- 34% worked between 51 and 75 hours; and
- 7% worked more than 75 hours a week.

An estimated 186,500 (44%) of female small business operators have been classified as full time. Of these:

- 64% usually worked between 35 and 50 hours;
- 25% worked between 51 and 75 hours; and
- 11% worked more than 75 hours a week.

**State** In all States other than the Northern Territory, more than half of full-time business operators usually worked between 35–50 hours per week.

Tasmania, at 67%, has the highest proportion of operators who usually worked between 35–50 hours per week.

The number of full-time operators working more than 75 hours a week was highest in the Northern Territory (17%), followed by Western Australia (8%). The Australian Capital Territory had the lowest proportion, with 4% of operators working more than 75 hours per week.



### 3 HOURS WORKED<sup>1</sup> BY FULL-TIME SMALL BUSINESS OPERATORS, BY SEX AND STATE, FEBRUARY 1995

Sex/State	Hours worked <sup>1</sup>			Total
	35-50	51-75	More than 75	
	'000	'000	'000	'000
<b>Male</b>				
New South Wales	131.6	69.7	16.9	218.1
Victoria	111.0	66.4	12.4	189.8
Queensland	76.8	53.1	8.1	138.0
South Australia	29.0	19.2	3.7	51.9
Western Australia	48.1	23.8	6.1	78.0
Tasmania	10.5	4.9	*0.7	16.1
Northern Territory	2.6	2.0	0.9	5.5
Australian Capital Territory	7.1	3.4	*0.5	11.1
<i>Australia</i>	<i>416.7</i>	<i>242.5</i>	<i>49.3</i>	<i>708.5</i>
<b>Female</b>				
New South Wales	41.1	16.9	5.9	63.8
Victoria	30.1	8.0	5.1	43.2
Queensland	21.1	12.1	*4.1	37.3
South Australia	9.4	3.8	*1.6	14.9
Western Australia	12.3	4.2	*2.0	18.5
Tasmania	3.1	*0.7	*0.6	4.4
Northern Territory	0.9	*0.4	*0.3	1.5
Australian Capital Territory	1.7	*1.1	*	2.9
<i>Australia</i>	<i>119.7</i>	<i>47.2</i>	<i>19.6</i>	<i>186.5</i>
<b>Persons</b>				
New South Wales	172.7	86.6	22.7	282.0
Victoria	141.1	74.4	17.5	233.0
Queensland	97.9	65.2	12.2	175.3
South Australia	38.4	23.0	5.3	66.7
Western Australia	60.4	28.0	8.1	96.5
Tasmania	13.6	5.6	1.3	20.4
Northern Territory	3.5	2.4	1.2	7.1
Australian Capital Territory	8.7	4.6	*0.6	13.9
<i>Australia</i>	<i>536.3</i>	<i>289.7</i>	<i>68.9</i>	<i>895.0</i>

<sup>1</sup> Hours worked relates to the usual number of hours worked by an operator in a week.

## PART-TIME OPERATORS

An estimated 356,900 or 29% of small business operators were part-time operators who usually worked less than 35 hours a week.

- 28% of these operators usually worked between 1–10 hours a week;
- 44% usually worked between 10–20 hours a week; and
- 28% usually worked between 21–34 hours a week.

**Sex** There were 237,600 female small business operators working part time. This was 67% of all part-time small business operators.

- 34% of part-time female small business operators usually worked between 1–10 hours a week;
- 44% usually worked between 10–20 hours a week; and
- 22% usually worked between 21–34 hours a week.

For male part-time operators:

- 16% usually worked between 1–10 hours a week;
- 44% usually worked between 10–20 hours; and
- 40% usually worked between 21–34 hours.

**State** For all States, the largest proportion of part-time operators usually worked between 10–20 hours per week.

- The highest proportion was in the Northern Territory with 54% usually working between 10–20 hours per week.
- Over 45% of part-time operators in New South Wales, Victoria and the Australian Capital Territory usually worked between 10–20 hours per week.
- 37% of part-time operators in South Australia usually worked between 10–20 hours per week, the lowest proportion of all States.

# **4** HOURS WORKED<sup>1</sup> BY PART-TIME SMALL BUSINESS OPERATORS, BY SEX AND STATE, FEBRUARY 1995

Sex/State	Hours worked <sup>1</sup>			
	1-10	10-20	21-34	Total
	'000	'000	'000	'000
<b>Male</b>				
New South Wales	*5.7	17.3	13.4	36.3
Victoria	5.6	12.4	12.0	29.9
Queensland	*2.6	10.9	10.1	23.7
South Australia	*2.4	4.8	4.8	12.0
Western Australia	*1.7	5.6	5.0	12.3
Tasmania	*0.7	*0.8	1.2	2.8
Northern Territory	*	*0.3	*0.4	0.7
Australian Capital Territory	*	*0.8	*0.4	1.6
<i>Australia</i>	19.1	52.9	47.3	119.3
<b>Female</b>				
New South Wales	19.0	33.1	17.3	69.4
Victoria	19.0	27.6	10.0	56.5
Queensland	20.6	21.2	11.6	53.5
South Australia	8.4	7.1	4.5	20.0
Western Australia	9.8	10.7	6.9	27.5
Tasmania	2.2	2.5	*1.0	5.7
Northern Territory	*	*0.4	*	0.6
Australian Capital Territory	*1.1	1.9	1.4	4.4
<i>Australia</i>	80.3	104.6	52.8	237.6
<b>Persons</b>				
New South Wales	24.7	50.3	30.7	105.7
Victoria	24.6	40.0	21.9	86.5
Queensland	23.2	32.2	21.8	77.2
South Australia	10.8	11.9	9.3	32.1
Western Australia	11.5	16.3	11.9	39.7
Tasmania	3.0	3.4	2.2	8.6
Northern Territory	*	0.7	0.5	1.3
Australian Capital Territory	1.4	2.7	1.8	5.9
<i>Australia</i>	99.4	157.4	100.1	356.9

<sup>1</sup> Hours worked relates to the usual number of hours worked by an operator in a week.

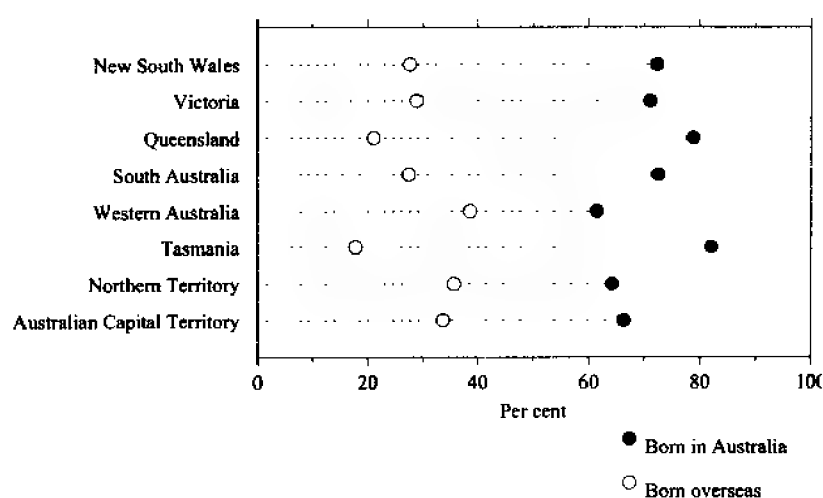
## ETHNICITY OF SMALL BUSINESS OPERATORS

About 72% of small business operators were born in Australia. This is consistent with the proportion of people in Australia who were born here (based on 1991 Population Census data).

- Sex** An estimated 239,700 (29%) male small business operators were born overseas compared to 107,700 (25%) females.
- State** The States with the highest proportion of small business operators who were born overseas were Western Australia (39%), the Northern Territory (36%) and the Australian Capital Territory (34%).

At 18%, Tasmania had the lowest proportion of overseas born operators.

ETHNICITY OF SMALL BUSINESS OPERATORS BY STATE, FEBRUARY 1995



## 5 ETHNICITY OF SMALL BUSINESS OPERATORS BY SEX AND STATE, FEBRUARY 1995

Sex/State	Born in Australia '000	Born overseas '000	Total '000
<b>Male</b>			
New South Wales	181.3	73.1	254.4
Victoria	153.3	66.5	219.8
Queensland	125.7	36.0	161.7
South Australia	44.6	19.3	63.9
Western Australia	54.6	35.7	90.2
Tasmania	15.5	3.4	18.9
Northern Territory	4.6	1.6	6.2
Australian Capital Territory	8.5	4.2	12.7
<i>Australia</i>	<i>588.1</i>	<i>239.7</i>	<i>827.8</i>
<b>Female</b>			
New South Wales	99.1	34.1	133.2
Victoria	74.0	25.7	99.7
Queensland	73.4	17.3	90.8
South Australia	27.2	7.9	35.1
Western Australia	29.0	16.9	45.9
Tasmania	8.3	1.9	10.1
Northern Territory	0.7	1.4	2.2
Australian Capital Territory	4.7	2.5	7.2
<i>Australia</i>	<i>316.5</i>	<i>107.7</i>	<i>424.3</i>
<b>Persons</b>			
New South Wales	280.4	107.2	387.7
Victoria	227.3	92.2	319.5
Queensland	199.1	53.3	252.5
South Australia	71.8	27.2	99.0
Western Australia	83.6	52.6	136.2
Tasmania	23.8	5.2	29.0
Northern Territory	5.4	3.0	8.4
Australian Capital Territory	13.2	6.7	19.9
<i>Australia</i>	<i>904.6</i>	<i>347.4</i>	<i>1 252.1</i>



## SECTION 2

### INTRODUCTION

## SMALL BUSINESS OPERATIONS

This Section presents selected characteristics of small business operations. Presented are data on the length of operation, establishment and structure of small businesses. These data are classified both by State and employer size.

The statistics within this Section relate to the business as operated by the current owner(s). Where an established business has been taken over, the operations of the previous owner have not been taken into account. This is of particular importance when considering the length of operation of small businesses, as the statistics relate to the length of time the business has been operated by the current owner.

The tables in this Section are as follows:

- Table 6. Length of Operation of Small Businesses by Current Owner by Employer Size and State;
- Table 7. Small Businesses by Source of Funds (used to establish or take over the business) by Employer Size and State;
- Table 8. Small Businesses by Number of Business Operators, Employer Size and State;
- Table 9. Small Businesses with Management Trained Operators by Employer Size and State;
- Table 10. Small Businesses with a Written Business Plan by Employer Size and State;
- Table 11. Training Intentions of Employing Small Businesses by State; and
- Table 12. Use of Advisory Services by State and Employer Size.

### SMALL BUSINESS OPERATIONS — A SUMMARY

There were 794,700 small businesses operating in Australia in February 1995.

Whilst not shown in the tables, the survey revealed that 75% of small businesses were established by the current operator with the remainder being established by a previous operator.

Size      Of the 794,700 businesses:

- 384,200 (48%) were non-employing businesses;
- 34% of small businesses employed 1–4 people; and
- 18% of small businesses employed 5–19 people.

State      Small businesses were distributed across States in a similar proportion to small business operators, both reflecting the general population distribution.

## LENGTH OF OPERATION

Of the 794,700 small businesses operating in Australia, at February 1995:

- 13% had been in operation for less than 1 year;
- 34% had been in operation for 1 year but less than 5 years;
- 23% had been in operation for 5 years to less than 10 years; and
- 30% had been in operation for 10 or more years.

**Size** Overall, there was a higher proportion of older businesses which had between 5–19 employees.

- 69% of businesses with 5–19 employees were 5 or more years old;
- 56% of businesses with 1–4 employees were 5 or more years old; and
- 45% of non-employing businesses were 5 or more years old.

There were 102,000 businesses in their first year of operation under the control of the current operator. Of these:

- 60% of businesses in their first year were non-employers;
- 30% had 1–4 employees; and
- 10% had 5 or more employees.

There were 237,000 businesses which had operated for 10 or more years under the control of the current operator. Of these:

- 40% were non-employers;
- 34% employed 1–4 people; and
- 26% employed more than 5 people.



Employer size group/State	Length of time operated by current owner (years)				Total
	Less than 1	1 to less than 5	5 to less than 10	10 or more	
	'000	'000	'000	'000	'000
<b>Non-employing businesses</b>					
New South Wales	13.3	46.4	27.0	28.8	115.4
Victoria	13.8	32.8	19.3	26.6	92.5
Queensland	15.1	32.5	14.3	18.2	80.0
South Australia	7.4	12.9	5.5	7.1	33.0
Western Australia	8.3	17.1	9.6	8.8	43.8
Tasmania	1.9	3.7	1.5	1.9	9.1
Northern Territory	*0.8	1.1	*	*0.5	2.6
Australian Capital Territory	*1.3	3.6	*1.3	1.6	7.8
<i>Australia</i>	62.0	150.1	78.7	93.5	384.2
<b>1-4 employees</b>					
New South Wales	9.3	26.9	22.3	24.1	82.6
Victoria	7.7	23.5	19.2	22.1	72.4
Queensland	6.2	19.0	14.0	17.1	56.4
South Australia	*2.3	5.5	5.0	8.1	20.8
Western Australia	3.8	8.4	7.3	5.9	25.5
Tasmania	*0.7	2.2	1.8	2.0	6.7
Northern Territory	*	*1.0	*	*0.5	1.7
Australian Capital Territory	*	*1.3	*0.9	*0.6	3.2
<i>Australia</i>	30.4	87.8	70.8	80.3	269.3
<b>5-19 employees</b>					
New South Wales	*3.4	10.9	9.9	21.6	45.7
Victoria	*1.1	6.7	9.2	19.5	36.5
Queensland	*2.9	8.1	6.7	9.7	27.3
South Australia	*0.8	*2.3	3.0	4.0	10.1
Western Australia	*1.4	4.6	3.5	5.6	15.0
Tasmania	*	*1.2	*1.1	*1.1	3.5
Northern Territory	*	*	*	*0.3	*0.6
Australian Capital Territory	*	*0.5	*0.6	*1.1	2.3
<i>Australia</i>	10.0	34.3	34.0	62.8	141.1
<b>Total</b>					
New South Wales	26.0	84.1	59.2	74.4	243.7
Victoria	22.6	63.0	47.7	68.2	201.5
Queensland	24.2	59.6	34.9	44.9	163.6
South Australia	10.5	20.7	13.5	19.3	64.0
Western Australia	13.6	30.1	20.3	20.3	84.3
Tasmania	2.8	7.1	4.5	4.9	19.3
Northern Territory	*1.0	2.2	*0.4	1.4	5.0
Australian Capital Territory	1.8	5.4	2.9	3.3	13.3
<i>Australia</i>	102.4	272.1	183.5	236.7	794.7

SOURCE OF FUNDS USED  
TO ESTABLISH THE  
BUSINESS

In examining the sources of funds used to establish a small business it should be noted that the data presented refers only to the initial funds used and does not take into account any subsequent funding or borrowings used to maintain or expand the business. The statistics relate to the major source of funds used to establish the business and the employer size ranges relate to the current size of the business.

Where less than \$1,000 was used to establish the business the source of funds was not collected. An estimated 193,000 businesses (24% of the total) required less than \$1,000 to establish.

The proportions shown below have been calculated after removing small businesses classified to 'less than \$1,000 used' from the total.

Use of personal savings  
most common

The use of personal savings was the most frequently used source of funds to establish a small business (75%). The next most common source was company borrowings from financial institutions (12%).

Size

In non-employing businesses, 80% used personal savings to establish the business, and 7% used company borrowings from financial institutions.

In employing businesses with 1-4 employees, 73% used personal savings to establish the business, and 13% used company borrowings from financial institutions.

In employing businesses with 5-19 employees, 68% used personal savings to establish the business, and 19% used company borrowings from financial institutions.

State

The use of company borrowings from financial institutions to establish a small business is more prevalent in South Australia (18%), Tasmania (16%) and the Northern Territory (16%). The remaining States ranged from the Australian Capital Territory (9%) to Queensland (13%).

The use of a payout from a previous employment to establish the business was highest in the Australian Capital Territory (10%) and lowest in Western Australia (2%).

Compared to other States, the use of personal savings was lower in South Australia and Tasmania (69%) and higher in the Northern Territory (78%).

Employer size group/State	Source of funds used <sup>1</sup>					Total
	Less than \$1,000 used	Personal savings/ borrowings	Payout from previous employment	Company borrowings from financial institutions	Other	
	'000	'000	'000	'000	'000	'000
<b>Non-employed businesses</b>						
New South Wales	36.0	65.0	*3.0	*4.7	6.7	115.4
Victoria	31.8	49.3	*3.8	*2.1	5.6	92.5
Queensland	23.7	44.5	*2.8	5.3	*3.7	80.0
South Australia	9.5	16.3	*1.7	3.6	*2.0	33.0
Western Australia	15.4	23.1	*	*2.3	*2.4	43.8
Tasmania	4.0	3.7	*	*0.4	*0.7	9.1
Northern Territory	*0.8	1.4	*	*	*	2.6
Australian Capital Territory	3.3	3.8	*	*	*	7.8
<i>Australia</i>	124.5	207.0	12.5	18.8	21.5	384.2
<b>1-4 employees</b>						
New South Wales	13.3	49.6	*2.3	9.4	8.0	82.6
Victoria	15.1	43.6	*3.5	6.1	*4.2	72.4
Queensland	10.1	32.3	*2.7	6.6	4.7	56.4
South Australia	3.7	12.6	*0.8	3.0	*	20.8
Western Australia	5.6	15.9	*	*1.9	*1.7	25.5
Tasmania	1.3	3.7	*	*1.0	*0.5	6.7
Northern Territory	*0.5	1.1	*	*	*	1.7
Australian Capital Territory	*0.6	1.7	*	*	*	3.2
<i>Australia</i>	50.2	160.6	10.3	28.3	19.9	269.3
<b>5-19 employees</b>						
New South Wales	6.9	27.9	*1.2	*5.6	*4.0	45.7
Victoria	6.3	19.3	*1.9	5.7	*3.3	39.5
Queensland	*1.7	17.3	*	5.2	*2.1	27.3
South Australia	*	5.7	*	*2.2	*1.3	10.1
Western Australia	*1.8	9.1	*	*3.1	*	15.0
Tasmania	*	2.1	*	*0.8	*	3.5
Northern Territory	*	*0.4	*	*	*	*0.6
Australian Capital Territory	*	*1.3	*	*	*	2.3
<i>Australia</i>	17.9	83.2	5.0	23.2	11.8	141.1
<b>Total</b>						
New South Wales	56.1	142.6	6.5	19.7	18.8	243.7
Victoria	53.1	112.3	9.2	13.9	13.0	201.5
Queensland	35.5	94.1	6.5	17.0	10.5	163.6
South Australia	13.9	34.5	*2.8	8.8	3.9	64.0
Western Australia	22.9	48.1	*1.3	7.3	4.7	84.3
Tasmania	5.5	9.5	*0.6	2.2	1.5	19.3
Northern Territory	1.3	2.9	*	*0.6	*	5.0
Australian Capital Territory	4.2	6.7	*0.9	*0.8	*0.7	13.3
<i>Australia</i>	192.5	450.7	27.9	70.3	53.2	794.7

<sup>1</sup> Source of funds refers to the source of the money the current operator needed to establish or take over the business.

## OPERATORS PER BUSINESS

In February 1995, a small business operated by two people was the most common form of small business in Australia. More than half (51%) of all small businesses had two operators, 41% had only one operator, and 8% had three or more operators.

**Size** On average, the number of operators managing a small business increased as the employer size of the small business increased.

For non-employing small businesses:

- 56% had one operator;
- 41% had two operators; and
- 3% had three or more operators.

For small businesses with 1–4 employees:

- 35% had one operator;
- 60% had two operators; and
- 5% had three or more operators.

For small businesses with 5–19 employees:

- 13% had one operator;
- 62% had two operators; and
- 25% had three or more operators.

**State** The number of operators per small business shows some variation between States:

- In Western Australia, 38% of small businesses had only one operator, the lowest proportion of all States, while 53% had two operators which was the highest proportion of all States for this category.
- In contrast, 54% of small businesses in the Northern Territory had only one operator and only 40% had two operators.
- Businesses with three or more operators were most common in Western Australia, which recorded 9% in this category.

Employer size group/State	Number of operators per business			Total
	1	2	3 or more	
	'000	'000	'000	'000
<b>Non-employing businesses</b>				
New South Wales	69.2	41.3	*4.9	115.4
Victoria	54.7	36.0	*1.9	92.5
Queensland	40.6	37.6	*1.8	80.0
South Australia	17.1	15.4	*	33.0
Western Australia	21.0	21.0	*1.8	43.8
Tasmania	5.1	3.8	*	9.1
Northern Territory	1.8	*0.8	*	2.6
Australian Capital Territory	5.1	2.6	*	7.8
<i>Australia</i>	214.5	158.4	11.3	384.2
<b>1-4 employees</b>				
New South Wales	24.9	52.8	*5.0	82.6
Victoria	23.8	44.8	*3.8	72.4
Queensland	22.8	31.4	*2.1	56.4
South Australia	9.1	10.4	*1.3	20.8
Western Australia	8.3	15.2	*1.9	25.5
Tasmania	3.2	3.2	*0.4	6.7
Northern Territory	*0.8	*0.9	*	1.7
Australian Capital Territory	*0.9	2.0	*	3.2
<i>Australia</i>	93.8	160.7	14.8	269.3
<b>5-19 employees</b>				
New South Wales	*4.6	30.4	10.8	45.7
Victoria	*2.9	22.9	10.7	36.5
Queensland	5.9	15.5	5.9	27.3
South Australia	*0.9	6.6	*2.7	10.1
Western Australia	*2.4	8.3	4.2	15.0
Tasmania	*0.5	2.4	*0.7	3.5
Northern Territory	*	*	*	*0.6
Australian Capital Territory	*	1.6	*	2.3
<i>Australia</i>	17.7	87.9	35.5	141.1
<b>Total</b>				
New South Wales	98.7	124.4	20.6	243.7
Victoria	81.4	103.6	16.5	201.5
Queensland	69.3	84.5	9.8	163.6
South Australia	27.1	32.4	4.5	64.0
Western Australia	31.7	44.5	8.0	84.3
Tasmania	8.7	9.4	*1.2	19.3
Northern Territory	2.7	2.0	*	5.0
Australian Capital Territory	6.3	6.2	*0.8	13.3
<i>Australia</i>	326.0	407.1	61.7	794.7

# SMALL BUSINESSES WITH OPERATORS TRAINED IN MANAGEMENT

Only one in four small businesses in Australia had an operator with some form of small business management training.

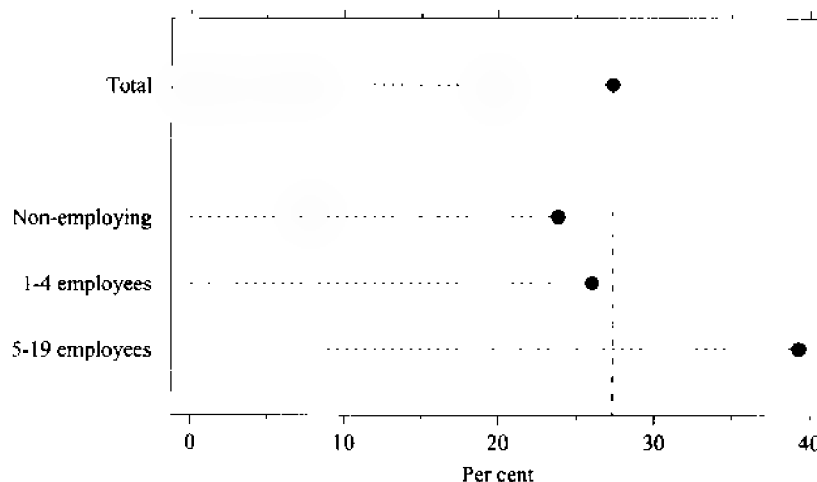
- 13% of small businesses had at least one operator with small business qualifications; and
- A further 15% had at least one operator who had received some training in small business management or supervision.

**Size** Across the business size groups, the proportion of businesses with at least one operator who had small business management training or qualifications increased with the size of the business.

- Over one-third (39%) of small employing businesses with 5–19 employees had an operator with small business training or qualifications.
- 26% of businesses in the 1–4 employee range had a small business qualified or trained operator.
- 24% of non-employers had a small business qualified or trained operator.

**State** The level of training of small business operators was generally in the 25–30% range across the different States, with New South Wales having the highest proportion of trained operators (30%).

SMALL BUSINESSES WITH OPERATORS TRAINED IN SMALL BUSINESS  
MANAGEMENT, AUSTRALIA, FEBRUARY 1995



## 9 SMALL BUSINESSES WITH MANAGEMENT TRAINED OPERATORS BY EMPLOYER SIZE AND STATE, FEBRUARY 1995

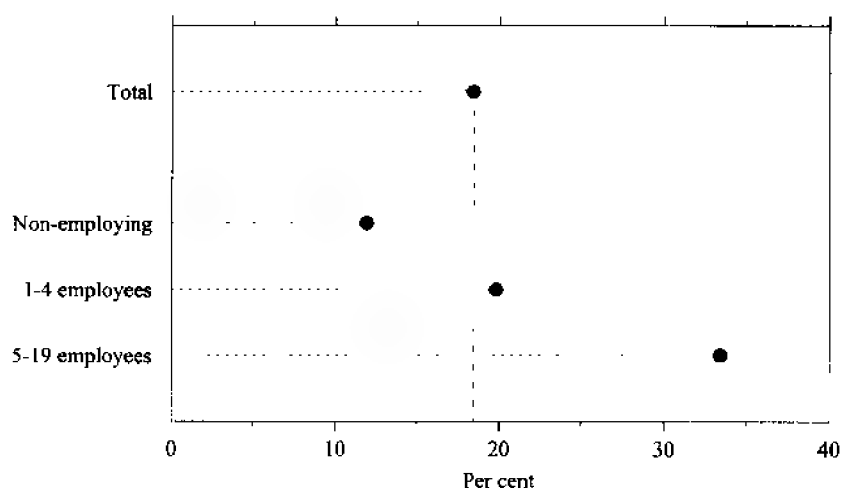
Employer size group/State	Number of businesses		
	With at least one operator with small business management qualifications	With at least one operator with training in small business management or supervision	No operators with small business qualifications or training
	'000	'000	'000
<b>Non-employed businesses</b>			
New South Wales	18.3	12.9	84.2
Victoria	8.5	11.4	72.6
Queensland	7.1	11.9	61.1
South Australia	3.6	3.6	25.9
Western Australia	4.4	5.2	34.2
Tasmania	*0.7	1.4	7.0
Northern Territory	*	*0.6	2.0
Australian Capital Territory	*0.6	*1.3	6.0
<i>Australia</i>	43.2	48.3	292.8
<b>1-4 employees</b>			
New South Wales	13.3	9.6	59.7
Victoria	6.0	10.0	56.4
Queensland	6.9	9.2	40.3
South Australia	3.2	*2.3	15.3
Western Australia	3.2	3.8	18.5
Tasmania	*0.6	*1.0	5.0
Northern Territory	*	*	1.5
Australian Capital Territory	*	*	2.5
<i>Australia</i>	33.5	36.6	199.2
<b>5-19 employees</b>			
New South Wales	8.9	10.7	26.1
Victoria	7.0	6.5	23.0
Queensland	*2.8	7.3	17.2
South Australia	*1.8	*2.3	6.0
Western Australia	*1.9	3.6	9.4
Tasmania	*0.7	*0.6	2.3
Northern Territory	*	*	*0.4
Australian Capital Territory	*	*0.6	*1.3
<i>Australia</i>	23.7	31.7	85.7
<b>Total</b>			
New South Wales	40.5	33.2	170.0
Victoria	21.5	28.0	152.0
Queensland	16.8	28.3	118.5
South Australia	8.6	8.2	47.2
Western Australia	9.6	12.6	62.1
Tasmania	2.0	3.0	14.3
Northern Territory	*	*1.0	3.8
Australian Capital Territory	*1.3	2.3	9.8
<i>Australia</i>	100.4	116.6	577.6

## WRITTEN BUSINESS PLANS IN SMALL BUSINESS

An estimated 146,300 small businesses in Australia had a written business plan in February 1995. This represented only 18% of all small businesses in Australia. Of those small businesses which had a plan, 89% were currently operating from that business plan.

- Size** Business plans were most common in the larger business size groups.
- 12% of non-employing business had a plan and 88% of these were operating from that plan.
  - 20% of small employing business with 1-4 employees had a plan and 87% of these were operating from the plan.
  - 33% of small employing business with 5-19 employees had a plan and 94% of these were operating from the plan.
- State** For most States the proportion of businesses with a written business plan was similar to the national figure.
- Victoria, with 17% of small businesses having a business plan, had the lowest level of businesses with a written business plan.
  - South Australia, at 21% had the highest level of businesses with a written business plan.

SMALL BUSINESSES WITH A WRITTEN BUSINESS PLAN, AUSTRALIA,  
FEBRUARY 1995





<i>Employer size group/State</i>	<i>Businesses with a business plan</i>	<i>Businesses who operate under the plan</i>	<i>Total small business</i>
	'000	'000	'000
<b>Non-employing businesses</b>			
New South Wales	13.0	11.6	115.4
Victoria	10.0	8.3	92.5
Queensland	10.5	9.6	80.0
South Australia	5.7	4.8	33.0
Western Australia	4.2	3.7	43.8
Tasmania	*1.1	*1.1	9.1
Northern Territory	*0.4	*	2.6
Australian Capital Territory	*1.0	*1.0	7.8
<i>Australia</i>	45.8	40.3	384.2
<b>1-4 employees</b>			
New South Wales	18.6	15.7	82.6
Victoria	13.8	11.8	72.4
Queensland	9.4	9.0	56.4
South Australia	3.6	3.2	20.8
Western Australia	5.6	4.6	25.5
Tasmania	*1.1	*1.1	6.7
Northern Territory	*0.4	*	1.7
Australian Capital Territory	*0.9	*0.8	3.2
<i>Australia</i>	53.4	46.3	269.3
<b>5-19 employees</b>			
New South Wales	14.8	13.7	45.7
Victoria	10.6	10.5	39.5
Queensland	9.5	8.8	27.3
South Australia	4.3	4.1	10.1
Western Australia	5.2	4.8	15.0
Tasmania	1.4	1.4	3.5
Northern Territory	*	*	*0.6
Australian Capital Territory	*0.9	*0.8	2.3
<i>Australia</i>	47.1	44.2	141.1
<b>Total</b>			
New South Wales	46.4	40.9	243.7
Victoria	34.4	30.6	201.5
Queensland	29.4	27.4	163.6
South Australia	13.6	12.1	64.0
Western Australia	15.0	13.0	84.3
Tasmania	3.7	3.6	19.3
Northern Territory	*1.0	*0.6	5.0
Australian Capital Territory	2.8	2.6	13.3
<i>Australia</i>	146.3	130.9	794.7

## TRAINING INTENTIONS OF SMALL EMPLOYING BUSINESSES

Of all small employing businesses, 12% intended to send employees on training courses in the 6 months following the survey. Product knowledge courses were the most popular type of training followed by business management training.

Of those businesses with training intentions:

- 56% intended sending staff on product knowledge training;
- 24% intended sending staff on business management training;
- 21% intended sending staff on marketing training;
- 7% intended sending staff on financial management training; and
- 38% intended sending staff on other types of training.

State The proportion of small businesses who intended to send employees on training courses was similar across States, ranging from 10% in the Northern Territory to 14% in Tasmania.

## 11 TRAINING INTENTIONS OF EMPLOYING SMALL BUSINESSES BY STATE, FEBRUARY 1995.

State	Businesses with training intentions	Type of training				
		Financial management	Business management	Product knowledge	Marketing	Other
	'000	'000	'000	'000	'000	'000
New South Wales	28.9	n.a.	7.4	14.9	*4.0	11.1
Victoria	25.9	n.a.	5.7	14.2	*4.1	11.3
Queensland	20.3	n.a.	6.3	12.6	6.3	6.0
South Australia	8.3	n.a.	*1.9	4.5	*2.5	3.8
Western Australia	8.6	n.a.	*1.5	4.8	*2.1	*2.7
Tasmania	2.7	n.a.	*	1.5	*0.7	*1.0
Northern Territory	*0.5	n.a.	n.a.	n.a.	n.a.	n.a.
Australian Capital Territory	*1.4	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Australia</b>	<b>96.5</b>	<b>7.2</b>	<b>23.6</b>	<b>53.9</b>	<b>20.4</b>	<b>36.3</b>

## USE OF ADVISORY SERVICES

In the 12 months prior to the survey, 605,000 Australian small businesses (76%) consulted some form of external advisory service:

- 65% of all small businesses consulted an external accountant at some stage in the 12 months to February 1995;
- 43% consulted banks;
- 23% consulted solicitors; and
- 23% consulted the Australian Taxation Office.

Other advisory services used included office machinery and equipment suppliers (20%), business associations (15%), business consultants/lecturers (9%), government small business agencies (6%) and the Australian Bureau of Statistics (4%).

**Size** Proportionally, the larger businesses (those employing 5–19 people) used advisory services more than non-employers and the 1–4 employee group. Eighty-eight per cent of businesses in this larger category used at least one of the advisory services in the 12 months to February 1995.

In terms of the different advisory services used:

- 114,600 (81%) of small employing businesses with 5–19 employees used external accountants for advice;
- 85,900 (61%) used banks; and
- 64,500 (46%) used solicitors.

In terms of numbers of businesses using advisory services, it was the smaller businesses (non-employers and those with 1–4 employees) which dominate. About 73% (480,200) of all smaller businesses used at least one of the advisory services in the 12 months to February 1995.

Specifically:

- 406,000 (62%) of non-employing businesses and small employing businesses with 1–4 employees used external accountants for advice;
- 255,000 (39%) used banks; and
- 122,000 (19%) used solicitors.

**State** Across States, roughly the same proportion of small businesses consulted advisory services in the 12 months to February 1995. The highest proportion was Tasmania with 86%, while New South Wales had the lowest proportion with 73%.

State/Advisory service used <sup>1</sup>	Employer size group			Total
	Non- employing businesses	Businesses with 1-4 employees	Businesses with 5-19 employees	
	'000	'000	'000	'000
<b>New South Wales</b>				
Businesses which used advisory services	72.8	66.2	38.1	177.2
Advisory services used <sup>1</sup>				
External accountants	57.8	57.8	37.5	153.1
Banks	33.2	42.1	28.1	103.4
Solicitors	19.2	23.8	17.2	60.3
Business associations	7.1	13.1	10.8	31.0
Suppliers of office machinery/equipment	13.1	19.4	15.8	48.3
Business consultants/lecturers	7.0	6.0	6.6	19.6
Government small business agencies	7.8	*3.6	*1.5	13.0
Australian Bureau of Statistics	*2.9	*3.2	*3.3	9.4
Australian Taxation Office	22.7	19.9	12.5	55.2
Other	*1.9	*2.7	*	*5.0
<b>Victoria</b>				
Businesses which used advisory services	60.3	60.3	32.5	153.2
Advisory services used <sup>1</sup>				
External accountants	49.6	55.5	29.0	134.1
Banks	26.2	36.6	21.9	84.8
Solicitors	10.5	18.1	18.4	47.0
Business associations	11.1	8.8	12.2	32.1
Suppliers of office machinery/equipment	8.6	14.4	15.6	38.5
Business consultants/lecturers	6.5	6.1	6.0	18.6
Government small business agencies	5.1	*2.9	*1.6	9.6
Australian Bureau of Statistics	*1.7	*3.6	*1.2	6.6
Australian Taxation Office	11.8	15.4	10.7	37.9
Other	*2.1	*1.3	*1.9	5.3
<b>Queensland</b>				
Businesses which used advisory services	54.0	45.8	25.9	125.7
Advisory services used <sup>1</sup>				
External accountants	41.6	39.8	22.8	104.2
Banks	23.8	26.5	18.1	68.3
Solicitors	11.9	18.1	15.0	45.1
Business associations	7.5	11.4	7.7	26.6
Suppliers of office machinery/equipment	7.8	14.4	9.6	31.8
Business consultants/lecturers	5.1	5.3	4.7	15.1
Government small business agencies	5.9	*3.4	*3.9	13.1
Australian Bureau of Statistics	*1.9	*2.5	*3.2	7.6
Australian Taxation Office	15.2	14.8	7.6	37.5
Other	*2.9	*1.5	*	5.2

For footnotes see end of table.

State/Advisory service used <sup>1</sup>	Employer size group			Total
	Non- employing businesses	Businesses with 1-4 employees	Businesses with 5-19 employees	
	'000	'000	'000	'000
<b>South Australia</b>				
<i>Businesses which used advisory services</i>	24.8	17.4	8.6	50.7
<i>Advisory services used<sup>1</sup></i>				
External accountants	20.3	15.3	7.2	42.8
Banks	12.9	10.6	5.0	28.5
Solicitors	*2.0	3.4	3.9	9.3
Business associations	4.5	3.3	*2.9	10.7
Suppliers of office machinery/equipment	4.3	5.1	3.4	12.8
Business consultants/lecturers	3.6	*1.3	*2.3	7.3
Government small business agencies	3.6	*1.4	*0.9	5.9
Australian Bureau of Statistics	*0.9	*1.6	*0.8	3.3
Australian Taxation Office	8.7	6.2	*2.9	17.8
Other	*1.9	*1.1	*0.8	3.7
<b>Western Australia</b>				
<i>Businesses which used advisory services</i>	32.5	21.5	13.7	67.7
<i>Advisory services used<sup>1</sup></i>				
External accountants	29.5	18.8	12.3	60.5
Banks	16.5	12.7	8.3	37.5
Solicitors	3.4	4.6	6.3	14.3
Business associations	4.2	3.8	4.2	12.2
Suppliers of office machinery/equipment	6.3	6.2	5.5	18.1
Business consultants/lecturers	*3.0	*2.9	*1.4	7.3
Government small business agencies	3.3	*1.9	*	6.0
Australian Bureau of Statistics	*	*1.0	*1.2	*2.6
Australian Taxation Office	10.5	7.2	4.5	22.3
Other	*1.7	*1.2	*	3.3
<b>Tasmania</b>				
<i>Businesses which used advisory services</i>	7.3	5.8	3.5	16.6
<i>Advisory services used<sup>1</sup></i>				
External accountants	6.2	5.2	3.4	14.8
Banks	3.7	3.2	2.5	9.4
Solicitors	1.5	2.2	2.1	5.8
Business associations	*0.6	*0.9	*1.0	2.4
Suppliers of office machinery/equipment	1.4	1.8	1.5	4.7
Business consultants/lecturers	*0.9	*	*0.6	1.7
Government small business agencies	*0.6	*	*	*1.0
Australian Bureau of Statistics	*0.5	*	*	*0.9
Australian Taxation Office	1.9	1.9	1.5	5.3
Other	*	*	*	*0.7

For footnotes see end of table.

State/Advisory service used <sup>1</sup>	Employer size group			Total
	Non- employing businesses	Businesses with 1-4 employees	Businesses with 5-19 employees	
	'000	'000	'000	'000
<b>Northern Territory</b>				
<i>Businesses which used advisory services</i>	1.9	1.1	*0.4	3.4
Advisory services used <sup>1</sup>				
External accountants	1.1	*0.9	*0.4	2.5
Banks	*0.9	*0.8	*0.4	2.1
Solicitors	*	*0.4	*	*0.6
Business associations	*0.5	*	*	*0.8
Suppliers of office machinery/equipment	*0.4	*0.5	*	*1.0
Business consultants/lecturers	*	*	*	*0.4
Government small business agencies	*0.7	*	*	*1.0
Australian Bureau of Statistics	*	*	*	*
Australian Taxation Office	*1.0	*0.6	*	1.8
Other	*	*	*	*
<b>Australian Capital Territory</b>				
<i>Businesses which used advisory services</i>	5.8	2.7	2.2	10.6
Advisory services used <sup>1</sup>				
External accountants	4.2	2.1	2.0	8.3
Banks	2.9	1.9	*1.5	6.4
Solicitors	*1.5	*1.1	*1.5	4.1
Business associations	*1.1	*	*1.2	2.7
Suppliers of office machinery/equipment	*1.3	*0.6	*1.0	2.9
Business consultants/lecturers	*0.6	*	*	1.6
Government small business agencies	*0.6	*	*	*1.0
Australian Bureau of Statistics	*	*	*	*
Australian Taxation Office	2.4	*0.6	*0.8	3.8
Other	*	*	*	*0.6
<b>Australia</b>				
<i>Businesses which used advisory services</i>	259.4	220.8	124.8	605.0
Advisory services used <sup>1</sup>				
External accountants	210.4	195.3	114.6	520.3
Banks	120.2	134.4	85.9	340.5
Solicitors	50.2	71.7	64.5	186.4
Business associations	36.6	42.0	39.9	118.5
Suppliers of office machinery/equipment	43.2	62.4	52.5	158.1
Business consultants/lecturers	26.9	22.4	22.2	71.5
Government small business agencies	27.7	14.0	8.9	50.6
Australian Bureau of Statistics	8.5	12.2	10.1	30.9
Australian Taxation Office	74.2	66.6	40.8	181.6
Other	11.1	8.2	4.5	23.8

<sup>1</sup> Businesses may have used more than one advisory service.

## **SECTION 3**

### **INTRODUCTION**

## **OPERATORS' PERCEPTIONS OF SUCCESS**

In the survey, each business operator was asked to rate the success of the business over the past 12 months. Four options were given:

- highly successful;
- moderately successful;
- unsuccessful; and
- unsure/don't know.

In cases where the operator considered their business highly successful they were asked to indicate the main factor which led to this success.

This Section presents information on the success of small business in Australia based on those questions.

The tables in this Section are as follows:

- Table 13. Small Businesses by Degree of Success, Employer Size and State;
- Table 14. Small Businesses by Degree of Success, Length of Operation and State;
- Table 15. Highly Successful Small Businesses by Perceived Factors Leading to Success, Australia; and
- Table 16. Small Businesses By Degree of Success and Selected Characteristics, Australia.

## OPERATORS' PERCEPTIONS OF SUCCESS

The majority of small businesses were considered to be moderately successful by their operator(s). In detail:

- 157,400 (20%) were considered to be highly successful;
- 547,800 (69%) were considered to be moderately successful;
- 35,800 (4%) were considered to be unsuccessful; and
- there were 53,700 (7%) small businesses where the operator(s) were unsure or did not know the degree of success of their small business.

**Size** Operators of larger businesses (those employing 5–19 people) were more likely to consider their business highly successful. Details of operators' perceptions of business success for the three employer size groups are as follows:

- 14% of non-employing businesses were perceived to be highly successful and 70% moderately successful;
- 21% of small businesses employing 1–4 people were perceived to be highly successful and 70% moderately successful; and
- 33% of small businesses employing 5–19 people were perceived to be highly successful and 62% moderately successful.

The proportion of small businesses which were either unsure or did not know the degree of success of the business, decreased as the size of the business increased:

- 9% of non-employing businesses were unsure or did not know the degree of success;
- 5% of small businesses employing between 1–4 people were unsure or did not know the degree of success; and
- 2% of small businesses employing between 5–19 people were unsure or did not know the degree of success.

**New business** For small businesses in their first year of operation:

- 15% were perceived as highly successful;
- 55% were perceived as moderately successful;
- 4% were perceived as unsuccessful; and
- for 26%, the operator(s) were either unsure or did not know.

**Older business** For small businesses which have been operating for 10 or more years:

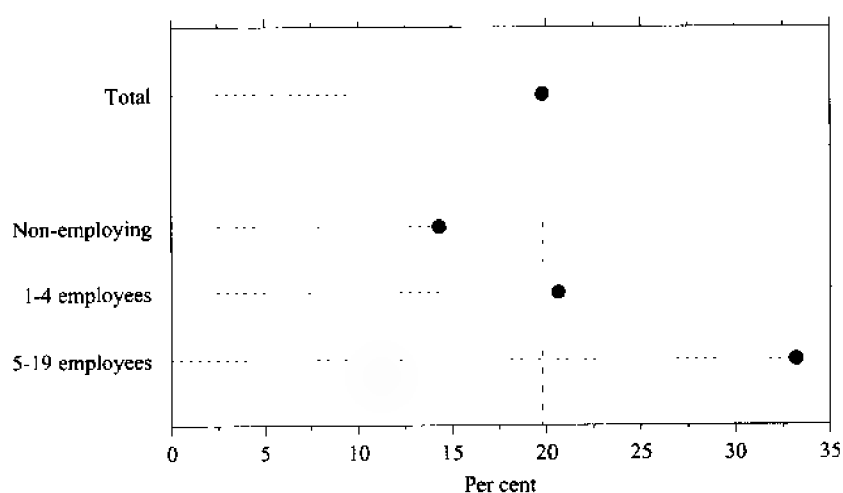
- 22% were perceived as highly successful;
- 70% were perceived as moderately successful;
- 5% were perceived as unsuccessful; and
- for 3%, the operator(s) were either unsure or did not know.



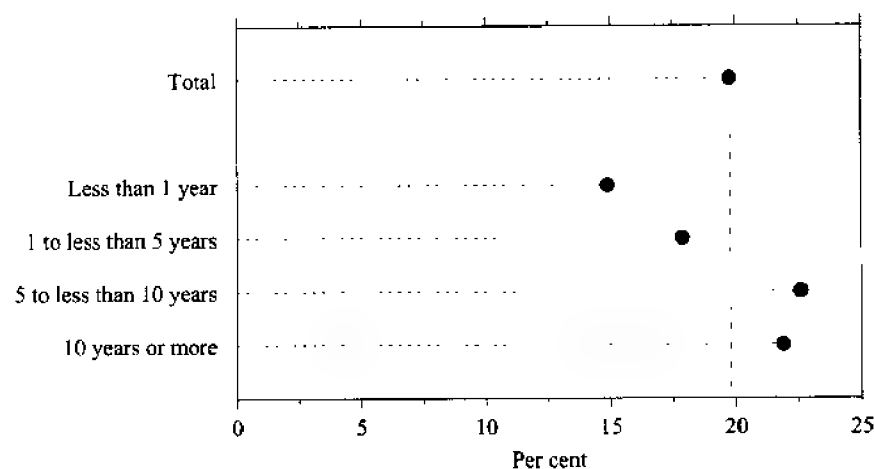
State The perception of success of small businesses varied slightly across States. The data shows:

- the proportion seen as highly successful by their operator(s) in each State ranged from 17% in Victoria to 26% in the Northern Territory;
- moderately successful small businesses ranged from 67% of the total in Western Australia to 70% in Victoria, Queensland and South Australia; and.
- Unsuccessful small businesses ranged from 3% of the total in Queensland and South Australia to 6% in Victoria.

PROPORTION OF HIGHLY SUCCESSFUL SMALL BUSINESSES BY EMPLOYER SIZE, AUSTRALIA, FEBRUARY 1995



PROPORTION OF HIGHLY SUCCESSFUL SMALL BUSINESSES BY LENGTH OF OPERATION, AUSTRALIA, FEBRUARY 1995



<i>Employer size/State</i>	<i>Degree of success</i>				<i>Total</i>
	<i>Highly successful</i>	<i>Moderately successful</i>	<i>Un-successful</i>	<i>Unsure/ don't know</i>	
	'000	'000	'000	'000	'000
<b>Non-employed businesses</b>					
New South Wales	18.3	76.6	7.3	13.3	115.4
Victoria	9.6	67.1	7.1	8.8	92.5
Queensland	12.3	58.5	*2.7	6.5	80.0
South Australia	4.4	23.6	*1.7	3.3	33.0
Western Australia	6.6	31.4	*3.0	*2.9	43.8
Tasmania	1.3	6.5	*0.5	*0.7	9.1
Northern Territory	*0.5	1.8	*	*	2.6
Australian Capital Territory	2.0	5.0	*	*	7.8
<i>Australia</i>	54.9	270.3	23.0	35.9	384.2
<b>1-4 employees</b>					
New South Wales	15.2	58.8	*4.0	*4.5	82.6
Victoria	13.2	52.0	*2.9	*4.4	72.4
Queensland	11.8	38.8	*2.4	*3.5	56.4
South Australia	5.1	14.7	*	*1.0	20.8
Western Australia	7.7	16.5	*	*	25.5
Tasmania	1.5	4.8	*	*	6.7
Northern Territory	*	1.4	*	*	1.7
Australian Capital Territory	*0.7	2.5	*	*	3.2
<i>Australia</i>	55.5	189.6	10.0	14.2	269.3
<b>5-19 employees</b>					
New South Wales	14.6	30.3	*	*	45.7
Victoria	12.5	21.7	*1.4	*	36.5
Queensland	8.6	17.3	*	*1.3	27.3
South Australia	*2.6	6.5	*	*	10.1
Western Australia	6.2	8.2	*	*	15.0
Tasmania	1.4	2.0	*	*	3.5
Northern Territory	*0.4	*	*	*	*0.6
Australian Capital Territory	*0.7	1.7	*	*	2.3
<i>Australia</i>	46.9	87.9	2.8	3.5	141.1
<b>Total</b>					
New South Wales	48.1	165.7	11.7	18.2	243.7
Victoria	35.2	140.8	11.4	14.1	201.5
Queensland	32.7	114.5	5.3	11.2	163.6
South Australia	12.2	44.9	*2.2	4.7	64.0
Western Australia	20.5	56.1	3.7	4.0	84.3
Tasmania	4.2	13.3	*0.8	*1.0	19.3
Northern Territory	1.3	3.4	*	*	5.0
Australian Capital Territory	3.3	9.1	*	*	13.3
<i>Australia</i>	157.4	547.8	35.8	53.7	794.7

Length of operation <sup>1</sup> /State	Degree of success				Total '000
	Highly successful '000	Moderately successful '000	Un- successful '000	Unsure/ don't know '000	
<b>Less than 1 year</b>					
New South Wales	*5.1	11.5	*	8.7	26.0
Victoria	*2.9	12.8	*	5.9	22.6
Queensland	*3.9	12.8	*	6.8	24.2
South Australia	*1.1	6.3	*	*2.4	10.5
Western Australia	*1.5	8.8	*	*2.5	13.6
Tasmania	*0.4	1.8	*	*0.5	2.8
Northern Territory	*	*0.7	*	*	*1.0
Australian Capital Territory	*	*1.3	*	*	1.8
<b>Australia</b>	<b>15.3</b>	<b>56.0</b>	<b>4.0</b>	<b>27.0</b>	<b>102.4</b>
<b>1 to less than 5 years</b>					
New South Wales	14.2	58.3	*5.3	6.3	84.1
Victoria	7.9	48.3	*4.0	*2.8	63.0
Queensland	11.2	44.5	*1.5	*2.5	59.6
South Australia	4.3	14.3	*	*1.6	20.7
Western Australia	7.3	21.1	*1.2	*	30.1
Tasmania	1.7	4.7	*	*0.5	7.1
Northern Territory	*0.5	1.7	*	*	2.2
Australian Capital Territory	1.8	3.2	*	*	5.4
<b>Australia</b>	<b>48.8</b>	<b>196.1</b>	<b>13.0</b>	<b>14.2</b>	<b>272.1</b>
<b>5 to less than 10 years</b>					
New South Wales	13.7	40.7	*4.0	*	59.2
Victoria	7.7	36.3	*1.6	*2.0	47.7
Queensland	9.0	24.2	*	*	34.9
South Australia	*2.7	10.3	*	*	13.5
Western Australia	6.2	13.1	*	*	20.3
Tasmania	*1.0	3.2	*	*	4.5
Northern Territory	*	*	*	*	*0.4
Australian Capital Territory	*0.9	2.0	*	*	2.9
<b>Australia</b>	<b>41.4</b>	<b>129.9</b>	<b>7.5</b>	<b>4.7</b>	<b>183.5</b>
<b>10 years or more</b>					
New South Wales	15.1	55.2	*1.7	*2.3	74.4
Victoria	16.7	43.4	4.8	*3.4	68.2
Queensland	8.6	33.0	*2.2	*	44.9
South Australia	4.0	14.0	*0.9	*	19.3
Western Australia	5.4	13.1	*1.2	*	20.3
Tasmania	*1.0	3.6	*	*	4.9
Northern Territory	*0.5	*0.8	*	*	1.4
Australian Capital Territory	*	2.6	*	*	3.3
<b>Australia</b>	<b>51.9</b>	<b>165.7</b>	<b>11.3</b>	<b>7.8</b>	<b>236.7</b>
<b>Total</b>					
New South Wales	48.1	165.7	11.7	18.2	243.7
Victoria	35.2	140.8	11.4	14.1	201.5
Queensland	32.7	114.5	5.3	11.2	163.6
South Australia	12.2	44.9	*2.2	4.7	64.0
Western Australia	20.5	56.1	3.7	4.0	84.3
Tasmania	4.2	13.3	*0.8	*1.0	19.3
Northern Territory	1.3	3.4	*	*	5.0
Australian Capital Territory	3.3	9.1	*	*	13.3
<b>Australia</b>	<b>157.4</b>	<b>547.8</b>	<b>35.8</b>	<b>53.7</b>	<b>794.7</b>

<sup>1</sup> Length of operation refers to the length of time the business has been operated by the current owner.

## REASONS FOR SMALL BUSINESS SUCCESS

Of the 157,400 small businesses identified as being highly successful, the main factor stated as leading to this success was quality product or service.

### 15 HIGHLY SUCCESSFUL BUSINESSES BY PERCEIVED FACTORS LEADING TO BUSINESS SUCCESS, AUSTRALIA, FEBRUARY 1995

Reason for success	Number of businesses	
	'000	%
Marketing	6.0	4
Quality product or service	79.0	50
Good management	23.9	15
Quality staff	9.8	6
Good location	*2.9	2
Prior experience	22.4	14
Relevant education or training	8.0	5
Availability of finance	*	*
Other	4.8	3
<b>Total</b>	<b>157.4</b>	<b>100</b>

## SMALL BUSINESS SUCCESS BY SELECTED CHARACTERISTICS

### Unsuccessful small business

In the survey, very few operators (4% of total small businesses) classified themselves as unsuccessful. This same proportion of unsuccessful businesses is evident across most of the characteristics examined in this section.

### Highly successful small business

Overall 157,400 small businesses (20%) were considered to be highly successful by their operator(s).

An examination of small businesses with selected characteristics reveals that at February 1995:

- 22% of small businesses which had been in operation for more than five years were seen as highly successful by their operators;
- 23% of small businesses established by company borrowings from financial institutions were seen as highly successful;
- 31% of small businesses with three or more operators were seen as highly successful compared to 17% of small businesses which had one operator;
- 23% of small businesses with management trained operators were considered highly successful compared to 19% which did not;
- 30% of employing small businesses who intended to train staff were considered highly successful compared to 23% who had no intention to train staff;

- 27% of small businesses with a written business plan were considered highly successful compared to 18% who did not have a written business plan; and
- 22% of small businesses which used advisory services were considered highly successful compared to 14% who did not.

Do not know or are unsure  
of business success

Operators of 26% of small businesses in their first year of operation did not know or were unsure of the degree of success of their business. This compares with the more established businesses for which only 3–5% were in this category.

## 16 SMALL BUSINESSES BY DEGREE OF SUCCESS AND SELECTED CHARACTERISTICS, AUSTRALIA FEBRUARY 1995

<i>Selected characteristic</i>	<i>Number of businesses</i> '000	<i>Highly successful</i> %	<i>Moderately successful</i> %	<i>Unsuccessful</i> %	<i>Do not know or unsure</i> %
<i>Total small businesses</i>	794.7	20	69	4	7
<i>Length of operation<sup>1</sup></i>					
Less than 1 year	102.4	15	55	4	26
1 year to less than 5 years	272.1	18	72	5	5
5 years to less than 10 years	183.5	22	71	4	3
More than 10 years	236.7	22	70	5	3
<i>Source of funds</i>					
Less than \$1,000 used	192.5	21	67	4	8
Personal savings/borrowings	450.7	19	71	4	6
Payout from previous employment	27.9	20	71	*4	*5
Company borrowings from financial institutions	70.3	23	67	6	*4
Other	53.2	17	62	4	7
<i>Number of operators</i>					
1 operator	326.0	17	69	5	9
2 operators	407.1	20	70	5	5
3 or more operators	61.6	31	60	*5	*4
<i>With management trained operators</i>	217.0	23	67	4	6
<i>Without management trained operators</i>	577.7	19	70	4	7
<i>Employing small businesses</i>					
With training intentions	96.5	30	65	*2	*3
With no training intentions	314.0	23	68	4	5
<i>Small businesses with a business plan</i>	146.3	27	65	2	6
<i>Small businesses without a business plan</i>	648.4	18	70	5	7
<i>Used advisory services</i>	605.0	22	68	4	6
<i>Did not use advisory services</i>	189.7	14	71	6	10

<sup>1</sup> Length of time the business has been under the control of the current operator.

## **SECTION 4**

### **INTRODUCTION**

## **SMALL BUSINESSES BASED AT HOME**

There are two situations where a business could be considered home based:

- where the business is operated from the home of one of the owners even though very little work might be conducted at home e.g. trades people such as plumbers, carpenters, etc.; and
- where one or more of the operators usually work more hours at home than away from home.

It was the second category which was identified in the survey and referred to as 'home-based business'.

This Section presents selected data on the operators and the operations of these home-based businesses.

Tables 17-26 present a range of data on the characteristics of home-based small business operators.

Tables 27-33 present data on the operations of home-based small businesses.

HOME BASED SMALL  
BUSINESS OPERATORS

In Australia, there were an estimated 300,800 home-based small business operators. This represented 24% of all small business operators.

These 300,800 people operated 182,400 small businesses which represented 23% of all small business.

**Sex** Almost 53% of home-based small business operators in Australia were male. By comparison, males comprised 66% of all small business operators.

Forty-seven per cent of home-based operators were female, compared to 34% of all small business operators.

**State** The distribution of home-based small business operators across States was similar to the distribution of the total small business operator population.

**Age** Almost 68% of home-based small business operators were aged between 30 and 50; 9% were less than 30 years old and 23% were aged over 50. These proportions were similar to those recorded for small businesses in total.

**Qualifications** Home-based small business operators had obtained qualifications as follows:

- 32% of home-based small business operators had gained either a degree or diploma. By comparison, 25% of all small business operators had either a degree or a diploma;
- 28% had gained a basic or skilled vocational qualification, compared to 33% for total small business operators;
- 39% completed the highest available year of secondary school, but did not gain a degree, diploma or vocational qualification. This compares to 41% for total small business operators; and
- 2% had not completed the highest available year of secondary school, compared to 1% for total small business operators.

**Hours worked** Just over 56% of home-based small business operators usually worked more than 35 hours per week and as such are classified as full-time operators. By comparison, 71% of the total small business operator population were classified as full time.

**Ethnicity** Almost 75% of home-based small business operators were Australian born, a similar proportion as for all small business operators (72%).

## 17 HOME-BASED SMALL BUSINESS OPERATORS BY AGE OF OPERATOR AND STATE, FEBRUARY 1995

State	Age of operator (years)			Total
	Less than 30	30 to 50	Greater than 50	
	'000	'000	'000	'000
New South Wales	6.7	60.9	21.4	89.0
Victoria	6.8	51.7	18.9	77.4
Queensland	5.8	45.5	17.3	68.6
South Australia	3.2	15.8	4.4	23.4
Western Australia	3.3	20.5	5.0	28.8
Tasmania	*1.1	4.5	1.8	7.4
Northern Territory	*	1.4	*	1.4
Australian Capital Territory	*0.5	3.0	1.3	4.8
<b>Australia</b>	<b>27.5</b>	<b>203.2</b>	<b>70.1</b>	<b>300.8</b>

## 18 HOME-BASED SMALL BUSINESS OPERATORS BY AGE OF OPERATOR AND SEX, AUSTRALIA, FEBRUARY 1995

Sex	Age of operator (years)			Total
	Less than 30	30 to 50	Greater than 50	
	'000	'000	'000	'000s
Male	13.6	99.2	46.0	158.8
Female	13.9	103.9	24.2	142.0
<b>Total</b>	<b>27.5</b>	<b>203.2</b>	<b>70.1</b>	<b>300.8</b>

## 19 HOME-BASED SMALL BUSINESS OPERATORS BY QUALIFICATIONS<sup>1</sup> AND STATE, FEBRUARY 1995

State	Qualifications <sup>1</sup>			Total
	Secondary school	Basic or skilled vocational	Degree or diploma	
	'000	'000	'000	'000
New South Wales	29.1	26.2	31.9	87.2
Victoria	30.6	19.4	25.8	75.9
Queensland	29.9	20.0	18.2	68.1
South Australia	11.1	5.8	6.2	23.1
Western Australia	11.5	8.6	7.9	28.0
Tasmania	3.3	2.0	2.0	7.4
Northern Territory	*0.4	*0.4	0.6	1.4
Australian Capital Territory	1.8	*0.8	2.0	4.6
<b>Australia</b>	<b>117.8</b>	<b>83.2</b>	<b>94.8</b>	<b>295.7</b>

<sup>1</sup> Persons who did not complete the highest available year of secondary school and did not go on to achieve vocational qualifications or a degree/diploma have been excluded from this table.



## 20

HOME-BASED SMALL BUSINESS OPERATORS BY QUALIFICATIONS<sup>1</sup> AND SEX, AUSTRALIA, FEBRUARY 1995

	Qualifications <sup>1</sup>			Total
	Secondary school	Basic or skilled vocational	Degree or diploma	
Sex	'000	'000	'000	'000
Male	47.6	51.7	55.9	155.2
Female	70.1	31.5	38.9	140.5
<b>Total</b>	<b>117.8</b>	<b>83.2</b>	<b>94.8</b>	<b>295.7</b>

<sup>1</sup> Persons who did not complete the highest available year of secondary school and did not go on to achieve vocational qualifications or a degree/diploma have been excluded from this table.

## 21

HOME-BASED FULL-TIME SMALL BUSINESS OPERATORS BY HOURS WORKED<sup>1</sup> AND STATE, FEBRUARY 1995

	Hours worked <sup>1</sup>			Total
	35-50	51-75	More than 75	
State	'000	'000	'000	'000
New South Wales	38.4	13.2	*3.5	55.1
Victoria	25.1	13.1	4.5	42.7
Queensland	21.6	9.9	*4.3	35.8
South Australia	5.8	5.4	*1.3	12.4
Western Australia	9.7	*2.4	*2.5	14.6
Tasmania	3.0	*0.9	*	3.8
Northern Territory	0.6	*	*	1.0
Australian Capital Territory	2.0	*1.0	*	3.1
<b>Australia</b>	<b>106.3</b>	<b>45.9</b>	<b>16.4</b>	<b>168.6</b>

<sup>1</sup> Hours worked relates to the usual number of hours worked by an operator in a week.

## 22

HOME-BASED FULL-TIME SMALL BUSINESS OPERATORS BY HOURS WORKED<sup>1</sup> AND SEX, AUSTRALIA, FEBRUARY 1995

	Hours worked <sup>1</sup>			Total
	35-50	51-75	More than 75	
Sex	'000	'000	'000	'000
Male	71.8	37.9	10.4	120.0
Female	34.5	8.0	6.0	48.6
<b>Total</b>	<b>106.3</b>	<b>45.9</b>	<b>16.4</b>	<b>168.6</b>

<sup>1</sup> Hours worked relates to the usual number of hours worked by an operator in a week.

## 23

HOME-BASED PART-TIME SMALL BUSINESS OPERATORS BY HOURS WORKED<sup>1</sup> AND STATE, FEBRUARY 1995

State	Hours worked <sup>1</sup>			
	Less than 10	10-20	21-34	Total
	'000	'000	'000	'000
New South Wales	9.0	16.9	8.0	33.9
Victoria	12.3	14.1	8.4	34.8
Queensland	10.5	15.3	7.0	32.8
South Australia	4.6	3.9	*2.3	10.8
Western Australia	5.0	5.7	3.4	14.1
Tasmania	1.5	1.4	*0.6	3.5
Northern Territory	*	*0.3	*	*0.4
Australian Capital Territory	*0.5	*0.5	*0.7	1.7
<b>Australia</b>	<b>43.3</b>	<b>58.2</b>	<b>30.6</b>	<b>132.0</b>

<sup>1</sup> Hours worked relates to the usual number of hours worked by an operator in a week.

## 24

HOME-BASED PART-TIME SMALL BUSINESS OPERATORS BY HOURS WORKED<sup>1</sup> AND SEX, AUSTRALIA, FEBRUARY 1995

Sex	Hours worked <sup>1</sup>			
	Less than 10	10-20	21-34	Total
	'000	'000	'000	'000
Male	8.6	17.0	13.1	38.8
Female	34.7	41.1	17.4	93.3
<b>Total</b>	<b>43.3</b>	<b>58.2</b>	<b>30.6</b>	<b>132.0</b>

<sup>1</sup> Hours worked relates to the usual number of hours worked by an operator in a week.

## 25

## HOME-BASED SMALL BUSINESS OPERATORS BY ETHNICITY AND STATE, FEBRUARY 1995

State	Born in Australia	Born overseas	Total
	'000	'000	'000
New South Wales	70.9	18.1	89.0
Victoria	57.1	20.3	77.4
Queensland	52.5	16.2	68.6
South Australia	17.4	6.0	23.4
Western Australia	17.8	11.0	28.8
Tasmania	5.5	1.9	7.4
Northern Territory	0.7	0.7	1.4
Australian Capital Territory	3.1	1.8	4.8
<b>Australia</b>	<b>224.8</b>	<b>76.0</b>	<b>300.8</b>

## 26

HOME-BASED SMALL BUSINESS OPERATORS BY ETHNICITY AND SEX,  
AUSTRALIA, FEBRUARY 1995

	<i>Born in Australia</i>	<i>Born overseas</i>	<i>Total</i>
Sex	'000	'000	'000
Male	113.3	45.5	158.8
Female	111.6	30.4	142.0
<b>Total</b>	<b>224.8</b>	<b>76.0</b>	<b>300.8</b>

## HOME-BASED SMALL BUSINESS OPERATIONS

Tables 27–33 present selected State data on the operations of small businesses where one or more of the operators worked mainly at home. As with the information presented in Section 2, the data relates to the operations of the business as conducted by the current owner.

An estimated 182,400 small businesses were operated from home.

State	<p>The distribution of home-based small businesses across States was generally similar to the distribution of all small businesses which, in turn, broadly reflected the population distribution:</p> <ul style="list-style-type: none"> <li>■ 30% of home-based small businesses were located in New South Wales;</li> <li>■ 25% in Victoria;</li> <li>■ 23% in Queensland;</li> <li>■ 9% in Western Australia;</li> <li>■ 8% in South Australia;</li> <li>■ 2.5% in Tasmania;</li> <li>■ 2% in the Australian Capital Territory; and</li> <li>■ 0.5% in the Northern Territory.</li> </ul>
Length of operation	Half of all home-based businesses had been established for more than 5 years; 12% were less than 1 year old; and 38% were between 1–5 years old.
Source of funds	For home-based businesses which required more than \$1,000 to establish, almost all used funds from personal savings and borrowings.
Number of operators	Most home-based small businesses (55%) were run by two operators; 41% were run by the one operator while the remaining 4% of businesses had three or more operators.
Management training	Only 30% of home-based small businesses had at least one operator who had either gained qualifications in small business management or had received some level of training in small business management or supervision. Almost half of these operators (49%) had small business management qualifications.
Business plans	Almost 21% of home-based small businesses had a business plan and 86% of these businesses were operating from that plan at the time of the survey.
Advisory services	About 140,000 (77%) home-based small businesses used advisory services in the 12 months to February 1995. Of those businesses which consulted advisors, 83% consulted external accountants, 52% consulted banks and 26% consulted solicitors.

## 27

## HOME-BASED SMALL BUSINESSES BY LENGTH OF OPERATION BY CURRENT OWNER AND STATE, FEBRUARY 1995

State	Length of time operated by current owner (years)			
	Less than 1	1 to less than 5	5 to less than 10	10 or more
	'000	'000	'000	'000
New South Wales	*5.1	21.2	13.8	14.3
Victoria	5.6	14.7	12.9	12.8
Queensland	5.2	16.9	10.0	10.2
South Australia	*1.9	6.1	3.3	3.2
Western Australia	*2.3	6.4	3.5	4.0
Tasmania	*0.5	2.3	*1.1	*0.9
Northern Territory	*	*0.4	*	*
Australian Capital Territory	*	1.6	*0.7	*0.6
<b>Australia</b>	<b>21.1</b>	<b>69.7</b>	<b>45.3</b>	<b>46.2</b>

## 28

HOME-BASED SMALL BUSINESSES BY SOURCE OF FUNDS USED<sup>1</sup> BY STATE, FEBRUARY 1995

State	Source of funds used <sup>1</sup>					Total
	Less than \$1,000 used	Personal savings/borrowings	Payout from previous employment	Company borrowings from financial institutions	Other	
	'000	'000	'000	'000	'000	'000
New South Wales	16.9	29.7	n.a.	n.a.	n.a.	54.6
Victoria	14.4	25.8	n.a.	n.a.	n.a.	46.1
Queensland	13.6	22.3	n.a.	n.a.	n.a.	42.3
South Australia	4.1	8.0	n.a.	n.a.	n.a.	14.4
Western Australia	5.6	8.9	n.a.	n.a.	n.a.	16.1
Tasmania	1.4	2.1	n.a.	n.a.	n.a.	4.8
Northern Territory	*	*0.5	n.a.	n.a.	n.a.	*0.8
Australian Capital Territory	*1.4	*1.3	n.a.	n.a.	n.a.	3.3
<b>Australia</b>	<b>57.6</b>	<b>98.6</b>	<b>7.0</b>	<b>11.3</b>	<b>7.8</b>	<b>182.4</b>

<sup>1</sup> Source of funds refers to the source of the money the current operator needed to establish or take over the business.

## 29

## HOME-BASED SMALL BUSINESSES BY NUMBER OF BUSINESS OPERATORS AND STATE, FEBRUARY 1995

State	Number of operators per business			
	1	2	3 or more	Total
	'000	'000	'000	'000
New South Wales	24.1	28.5	n.a.	54.6
Victoria	17.6	26.9	n.a.	46.1
Queensland	18.2	22.8	n.a.	42.3
South Australia	5.0	8.7	n.a.	14.4
Western Australia	4.6	10.5	n.a.	16.1
Tasmania	2.3	2.4	n.a.	4.8
Northern Territory	*0.6	*	n.a.	*0.8
Australian Capital Territory	2.0	*	n.a.	3.3
<b>Australia</b>	<b>74.5</b>	<b>101.2</b>	<b>6.8</b>	<b>182.4</b>

## 30

## HOME-BASED SMALL BUSINESSES BY MANAGEMENT TRAINED OPERATORS AND STATE, FEBRUARY 1995

State	Number of businesses		
	With at least one operator with small business management qualifications	With at least one operator with training in small business management or supervision	No operators with small business qualifications or training
	'000	'000	'000
New South Wales	9.7	7.6	37.3
Victoria	5.7	5.5	35.0
Queensland	5.1	7.4	29.9
South Australia	*2.4	*1.8	10.2
Western Australia	*2.5	*3.0	10.6
Tasmania	*0.9	*1.0	2.9
Northern Territory	*	*	*0.6
Australian Capital Territory	*	*0.9	2.1
<b>Australia</b>	<b>26.5</b>	<b>27.4</b>	<b>128.5</b>

## 31

## HOME-BASED SMALL BUSINESSES WHICH HAVE A BUSINESS PLAN BY STATE, FEBRUARY 1995

State	Number of businesses	
	Businesses with a business plan	Businesses who operated under a business plan
	'000	'000
New South Wales	12.5	10.7
Victoria	7.6	6.4
Queensland	8.1	7.2
South Australia	4.2	3.7
Western Australia	*3.1	*2.2
Tasmania	*0.8	*0.8
Northern Territory	*0.4	*
Australian Capital Territory	*1.0	*1.0
<b>Australia</b>	<b>37.6</b>	<b>32.2</b>

## 32

## HOME-BASED SMALL BUSINESSES WHICH USED ADVISORY SERVICES BY STATE, FEBRUARY 1995

State	Number of businesses
	'000
New South Wales	41.2
Victoria	33.7
Queensland	32.8
South Australia	12.0
Western Australia	13.6
Tasmania	4.4
Northern Territory	*0.5
Australian Capital Territory	2.3
<b>Australia</b>	<b>140.5</b>

<i>Advisory service used<sup>1</sup></i>	<i>Number of businesses</i>
	'000
External accountants	116.1
Banks	72.7
Solicitors	36.6
Business associations	28.3
Suppliers of office machinery/equipment	38.9
Business consultants/lecturers	19.1
Government small business agencies	18.3
Australian Bureau of Statistics	10.9
Australian Taxation Office	47.7
Other	6.5

<sup>1</sup> Businesses may have used more than one advisory service.

## EXPLANATORY NOTES

### INTRODUCTION

- 1** The Characteristics of Small Business in Australia Survey was conducted in February 1995 as a supplementary topic to the Labour Force Survey.
- 2** The Labour Force Survey is designed to regularly collect specific data on demographic and labour force characteristics of the Australian population. From time-to-time supplementary and special surveys of particular aspects of the labour force or of other subjects are carried out. The Characteristics of Small Business survey was one of these supplementary surveys conducted in conjunction with the February 1995 Labour Force Survey.

### DATA COLLECTION METHOD

- 3** The data were collected by trained interviewers over a 2 week period. When completing the Labour Force Survey, those people whose main job or second job was operating a small business with less than 20 employees were asked some additional questions relating to the operations of that business.
- 4** The supplementary survey asked small business operators to provide details on themselves as operators of small businesses and on the operations of their particular business. If there was more than one operator of the same small business in a household, only one of the operators was asked to complete the questions relating to the operations of the business.
- 5** The above method enabled the estimation of two discrete populations:
  - small business operators and their characteristics; and
  - small businesses and their characteristics.

### SCOPE OF THE SURVEY

- |                    |                                                                                                                                                                                                                                                                                                                                                           |
|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Business size      | <b>6</b> Only those businesses which employ less than 20 people and their operators were included in the survey.                                                                                                                                                                                                                                          |
| Industry           | <b>7</b> All businesses identified were classified according to the Australian and New Zealand Standard Industrial Classification (ANZSIC), a detailed description of which appears in <i>ANZSIC 1993</i> (1292.0).<br><br><b>8</b> The survey included all private sector small businesses except those classified to Agriculture, forestry and fishing. |
| Geographical areas | <b>9</b> The survey covered both rural and urban areas in all States and Territories. The Jervis Bay Territory is, however, excluded from the survey.                                                                                                                                                                                                     |



- Persons** **10** The population for the survey includes all persons over the age of 15 years except:
- certain diplomatic personnel of overseas governments excluded from census and estimated populations;
  - overseas residents in Australia;
  - members of non-Australian defence forces (and their dependants) stationed in Australia;
  - members of the permanent defence forces;
  - boarding school students;
  - people in institutions such as hospitals, sanatoria and inmates of jails, reformatories etc.; and
  - visitors to private dwellings.

**11** While these categories of people have an effect on the measurement of labour force levels, their exclusion is not expected to have any impact on the identification of small businesses.

## SURVEY DESIGN

**12** As the Characteristics of Small Business Survey is a supplementary survey to the Labour Force Survey, it has the same basic design. The survey was based on a multi-stage area sample of private dwellings (about 30,000 houses, flats, etc. for this survey), and covered about one-half of 1% of the population of Australia.

**13** Coverage rules are applied which aim to ensure that each person is associated with only one dwelling, and hence has only one chance of selection. The chance of a person being enumerated at two separate dwellings in the one survey is considered to be negligible.

**14** Persons who are away from their usual residence for 6 weeks or less at the time of the interview are enumerated at their usual residence.

## RELIABILITY OF ESTIMATES

**15** The estimates provided in this publication are subject to two types of error.

### Sampling error

**16** This is the difference which would be expected between the estimate and the corresponding figure that would have been obtained from a collection based on the whole population, using the same questionnaires and procedures.

**17** One measure of the likely difference is given by the *standard error* which indicates the extent to which an estimate might have varied by chance because only a sample of dwellings was included. There are about two chances in three that a sample estimate will differ by less than one standard error from the estimate that would have been obtained if all dwellings had been included, and about nineteen chances in twenty that the difference will be less than two standard errors.

**18** Another measure of sampling variability is the *relative standard error* which is obtained by expressing the standard error as a percentage of the estimate to which it refers.

**19** The size of the standard error generally increases with the level of the estimate. However, it should be noted that the larger the sample estimate the smaller will be the relative standard error. Thus, larger sample estimates will be relatively more reliable than smaller estimates. Very small estimates are subject to such high relative standard errors as to detract seriously from their value for most uses. In the tables in this publication, estimates with relative standard errors between 25% and 50% have been included and are preceded by an asterisk (e.g. \*8.5) to indicate they are subject to high standard errors and should be used with caution. Estimates with relative standard errors of more than 50% have been omitted and replaced with an asterisk.

**20** Space does not allow for separate indication of the standard errors of all estimates in this publication. As a guide, the table below provides the level at which 25% relative standard errors apply and the level at which 50% relative standard errors apply for the estimates of numbers of businesses and numbers of business operators for each State. For example, an estimated value of the number of businesses for a particular classification for Queensland of more than 1,100 and less than 4,500 would have a relative standard error of between 25 and 50%, and would be presented in the publication with an asterisk (e.g. \*2.4). While an estimated value of number of businesses of less than 1,100 would have a relative standard error of more than 50% and as such would be suppressed and replaced with an asterisk in this publication.

SIZE OF ESTIMATE WHERE CUT OFFS FOR SUPPRESSION APPLY BY STATE

State	Number of businesses '000		Number of operators '000	
	25%	50%	25%	50%
New South Wales	5.9	1.4	6.3	1.6
Victoria	4.5	1.1	4.2	1.0
Queensland	4.5	1.1	4.8	1.1
South Australia	2.9	0.7	2.8	0.7
Western Australia	3.1	0.8	2.8	0.7
Tasmania	1.2	0.3	1.1	0.3
Northern Territory	1.0	0.3	0.4	0.2
Australian Capital Territory	1.5	0.5	1.1	0.3
Australia	3.2	0.7	2.8	0.5

#### Non sampling errors

**21** Other errors can occur whether the estimates are derived from a sample or from a complete enumeration and are usually referred to as non-sampling errors. Three major sources of non-sampling error are:

- inability to obtain comprehensive data from all people included in the sample. These errors arise because of differences which exist between the characteristics of respondents and non-respondents;

- errors in reporting on the part of both respondents and interviewers. These reporting errors may arise through inappropriate wording of questions, misunderstanding of what data are required, inability or unwillingness to provide accurate information and mistakes in answers to questions; and
- errors arising during processing of the survey data. These processing errors may arise through mistakes in coding and data recording.

**22** Non-sampling errors are difficult to measure in any collection. However, every effort was made to minimise these errors. In particular, the effect of the reporting and processing errors described above was minimised by careful questionnaire design, intensive training and supervision of interviewers, asking respondents to refer to records whenever possible and extensive editing and quality control checking at all stages of data processing.

## ESTIMATION

**23** Estimates derived from the survey are obtained by using a ratio estimation procedure, which ensures that the survey estimates conform to an independently estimated distribution of the population by area of residence, age and sex.

**24** Two separate weights were used for the survey:

- a person weight used in the estimation of small business operators; and
- a business weight used in the estimation of small businesses.

**25** Each person or business in the sample is assigned a 'weight' which takes into account their probability of selection in the sample from their region, with adjustments to account for under-enumeration at the age and sex level.

**26** The 'weights' are also adjusted to reduce the bias introduced by varying levels of non-response in different sub-groups of the population.

**27** Business weights are derived from the person weights and are further adjusted for the number of business operators in a particular business.

## SYMBOLS AND OTHER USAGES

The following symbols shown in columns or elsewhere in tables means:

- nil or rounded to zero
- n.a. not available
- \*246 subject to high sampling variability
- \* data suppressed due to unacceptable sampling variability

Where figures have been rounded, discrepancies may occur between the sum of component items and the total.

## GLOSSARY

<b>Advisory services</b>	<p>Business operators were asked if their business had used any one of a list of selected advisory services in the 12 months to February 1995. The selected advisory services included:</p> <ul style="list-style-type: none"><li>▪ external accountants;</li><li>▪ banks;</li><li>▪ solicitors;</li><li>▪ business associations;</li><li>▪ suppliers of office machinery or equipment;</li><li>▪ business consultants or lecturers;</li><li>▪ government small business agencies;</li><li>▪ Australian Bureau of Statistics; and</li><li>▪ The Australian Taxation Office.</li></ul>
<b>Business operator</b>	<p>The person or persons who own and run the business. Generally, these operators can be identified as:</p> <ul style="list-style-type: none"><li>▪ the proprietor of a sole proprietorship;</li><li>▪ the partners of a partnership; or</li><li>▪ the working director(s) of an incorporated company.</li></ul>
<b>Degree of success</b>	<p>In the survey, the business operator was asked to rate the success of the business over the 12 months to February 1995. Four options were given:</p> <ul style="list-style-type: none"><li>▪ highly successful;</li><li>▪ moderately successful;</li><li>▪ unsuccessful; and</li><li>▪ unsure or do not know.</li></ul>
<b>Ethnicity</b>	<p>Country of birth is collected for each individual in the Labour Force Survey. This information is carried forward to the Characteristics of Small Business Survey, but due to the small sample of business operators born overseas, these are only published in aggregate.</p>
<b>Full-time operator</b>	<p>A business operator who usually worked more than 35 hours a week in the business.</p>
<b>Home-based small business</b>	<p>Businesses employing less than 20 employees where one or more of the operators usually worked more hours at home.</p>
<b>Hours worked</b>	<p>The number of hours each operator usually worked in the business.</p>

<b>Length of operation</b>	The number of years the business had been operated by the current operator.
<b>Part-time operator</b>	A business operator who usually worked less than 35 hours a week in the business.
<b>Source of funds</b>	The major source of the money required to establish or take over the business. Businesses established with less than \$1,000 dollars are categorised separately and not included in the other source of funds categories.
<b>Training intentions</b>	This relates to the intentions of the business operator with regard to the training of their employees in the 6 months immediately following the survey.

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